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IN THE UNITED STATES DISTRICT COURT
DISTRICT OF GUAM

JULIE BABAUTA SANTOS, et. al.,
Petitioners,

-v-

FELIX P. CAMACHO, etc., et. al.
Respondents.

CIVIL CASE NO. 04-00006
(Consolidated with Civil Case Nos.
04-00038 and 04-00049)

**DECLARATION OF JOHN P.
CAMACHO IN SUPPORT OF THE
GOVERNOR'S AND GOVERNMENT
OF GUAM'S REPLY IN SUPPORT OF
MOTION FOR FINAL APPROVAL OF
SETTLEMENT AND RESPONSE TO
SIMPAO PLAINTIFFS' OBJECTIONS**

FILED
DISTRICT COURT OF GUAM
JUL 26 2007 mbe
MARY L.M. MORAN
CLERK OF COURT

ORIGINAL

1
2 I, John P. Camacho, hereby declare and state as follows:

3 1. I am the Deputy Director of the Department of Revenue and Taxation ("DRT"). I
4 make this declaration on personal knowledge and based upon my knowledge of the official
5 records on file with DRT. If called as a witness, I could and would testify competently as
6 follows.

7
8 2. I have overseen DRT's compliance with the class action settlement of the *Santos*
9 and *Torres* actions. Attached hereto as Exhibit "A" is a true and correct copy of DRT's latest
10 calculations as to the number of claims filed and, as to claims processed, their value. DRT has
11 now completed processing of all years except 2004, and is close to completion for that year. The
12 total number of claims per year reflects a pattern I have observed ever since the Governor
13 authorized the filing of EIC-GU forms under Executive Order 2005-001, with the most claims
14 have been filed for the most recent tax year covered (2004) and with participation dropping off
15 every year thereafter (not including 1998) at a gradual rate until the lowest number is reached as
16 to the oldest year (1995).

17
18 3. In determining the mailing list for the class notice, DRT utilized its most recent
19 known addresses in its computer system. DRT receives new tax returns and/or change of address
20 forms every day of the week it is open. These are entered into the system as soon as is possible.
21 But new tax returns and/or change of address forms continue to be submitted, and so, in
22 generating the mailing list, there had to be a cut-off date for the list that utilized the most recent
23 information as of that date.

24
25 4. Taxpayer information such as their social security number is confidential. DRT
26 thus could not give that information to a third party to search consumer databases for other
27 possible addresses of taxpayers. Nor could DRT send taxpayer information to addresses of
28

1 dubious accuracy. That is why only taxpayers or their authorized representatives can change their
2 address on file with DRT.

3 5. It is not practical to supply an estimate of what the total offsets that will apply to
4 the class members is because the exact amount of offsets cannot be known until claims are being
5 paid out. When the Government is ready to issue a tax refund, it performs a check for offsets
6 owing. So until a particular EIC "refund" is ready to be paid under the Settlement, no check for
7 offsets is made. Further, to attempt an estimate now would not produce reliable results.
8 Assuming that a taxpayer owed an offset as of today, that does not mean they will still owe that
9 offset when their check issues. They might well pay the back obligation in the interim. Or an
10 ordinary tax refund for say, 2004, might be processed first and completely satisfy the offset, such
11 that by the time the EIC payment is ready, no offset is left owing. That is why DRT has not
12 attempted such a calculation.
13

14 6. In my experience as Deputy DRT Director, there are three basic factors that may
15 affect how many valid claims for the EIC are filed each year, and the dollar value of such claims
16 – what the current EIC thresholds for qualifications were each year, what the maximum EIC rates
17 were for each year, and how many tax filers there were each year.
18

19 7. As part of the settlement negotiations, DRT calculated the potential number of
20 claims that could exist *solely based on the information of a taxpayer's tax return*. As I have
21 stated in a previous declaration (*Simpao* Docket No. 77), this type of estimation will be high
22 because it is possible that a taxpayer will not qualify for the EIC notwithstanding what their tax
23 return states. The calculations are as follows:
24

25 1995: Theoretical possibility of 13,212 claims

26 1996: Theoretical possibility of 14,518 claims

27 1999: Theoretical possibility of 14,828 claims

28 2000 Theoretical possibility of 13,881 claims

2001: Theoretical possibility of 13,816 claims

2002: Theoretical possibility of 13,542 claims

2003 Theoretical possibility of 13,084 claims

2004: Theoretical possibility of 10,091 claims

I swear under penalty of perjury under the laws of the Territory of Guam and the United States of America that the forgoing is true and correct.

Executed on this 26th day of July in Tamuning, Guam.

John P. Camacho
JOHN P. CAMACHO

EXHIBIT “A”

**Earned Income Credit Claims
Summary of Claims Processed
As of July 26, 2007**

Tax Year	Qty	"A" Status	"S" Status
1995	1693	\$ 2,504,665.00	\$ 5,691.00
1996	1880	\$ 3,059,889.00	\$ 3,556.00
1999	3185	\$ 5,788,613.00	\$ 4,496.00
2000	3347	<u>\$ 6,134,710.00</u>	<u>\$ 18,342.00</u>
Total	10105	\$ 17,487,877.00	\$ 32,085.00
2001	3617	\$ 6,782,097.00	\$ 32,835.00
2002	4124	\$ 8,522,100.00	\$ 21,650.00
2003	4185	\$ 8,803,171.00	\$ 36,262.00
2004	7406	\$ 15,528,703.00	\$ 46,883.00
Total EIC	29437	\$ 57,123,948.00	\$ 169,715.00

1997 & 1998 EIC PAID OUT

Tax Year	Qty	Checks Written	CLAIMS REFUNDED Offsets	Totals
1997	237	\$ 444,642.26	\$ 106,946.80	\$ 551,589.06
1998	11534	\$ 8,246,208.04	1765521.24	\$ 10,011,729.28
TOTALS	11771	\$ 8,690,850.30	\$ 1,872,468.04	\$ 10,563,318.34

1998 Actual Count & Amounts

Total Claims Filed	12616
Total Value of Claims	\$ 20,607,153.00

Earned Income Credit Claims
Filed as of July 26 , 2007

Description	Tax Year					Totals
	1995	1996	1999	2000	2001	
Claims not imaged						0
Imaged Claim		3	3	1	177	184
"A" Status Claims	1690	1874	3175	3325	3508	13572
"C" Status Claims	56	53	90	73	80	352
"D" Status Claims	949	998	1162	1257	1155	5521
"E" Status Claims			2	6	89	97
"F" Status Claims						0
"S" Status Claims	3	3	5	15	16	42

Total per Year	2698	2931	4437	4677	5025	19768
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Description	Tax Year			Totals
	2002	2003	2004	
Claims not imaged				
Imaged Claim	17	363	130	932
"A" Status Claims	4076	4107	7336	12437
"C" Status Claims	100	151	606	389
"D" Status Claims	1055	1044	1196	2030
"E" Status Claims	68	69	53	44
"F" Status Claims				0
"S" Status Claims	10	21	30	38

Total per Year	5326	5755	9351	20155
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Description	Tax Year		Totals
	1997	1998	
Claims not Imaged			0
Imaged Claim	7	25	32
"A" Status Claims	237	11538	11775
"C" Status Claims	148	500	648
"D" Status Claims	508	1069	1577
"E" Status Claims			0
"F" Status Claims	4	8	12
"S" Status Claims		1	1

Total per Year	904	13141	14045
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